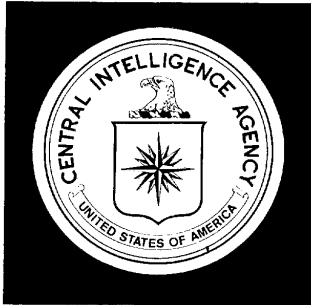


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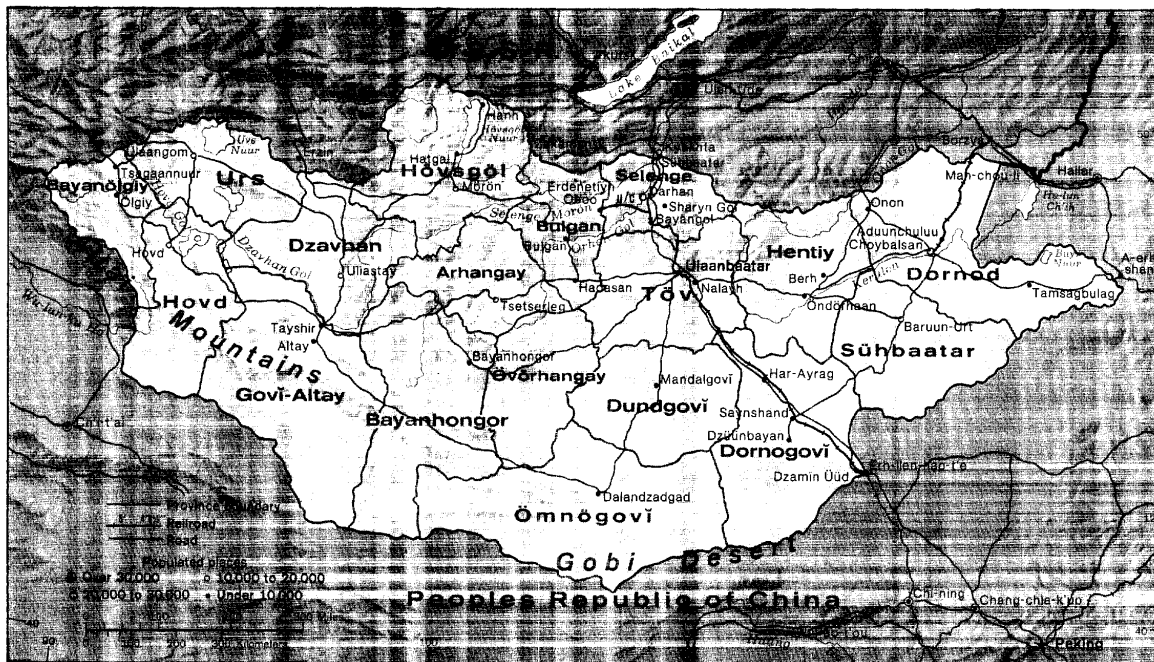
# Intelligence Memorandum

*Mongolia*

**Confidential**

BGI GM 74-2  
February 1974

# Mongolia



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The Mongolian Peoples Republic (MPR), the world's second oldest Communist nation and the most subservient Soviet satellite, remains the least developed of all Communist states. Livestock raising, the traditional livelihood, continues to be the MPR's economic foundation. The development of industry has been slow despite sizable injections of Soviet aid over the past few decades. Scant resources, too few trained people, and a rugged environment are key retarding factors.

Increasing Soviet aid is assured, however, by Mongolia's location between the disputatious Communist super-powers and by its passive acceptance of Soviet troops. Currently, Soviet forces in central and eastern Mongolia are well positioned to threaten north and northeast China.

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Mongolia's geographic position has shaped its recent history and its development toward a modern state. In 1911, with the collapse of the Manchu Dynasty, more than 300 years of Chinese dominance over Mongolia came to an end. During the next decade a confusing political situation arose as the Japanese, Chinese, and Russians attempted to gain primacy in Mongolia. The establishment of a pro-Communist government in 1921, initially sustained by Soviet troops, led to the gradual transformation of Mongolia into a Communist state, guided and protected by the Soviet Union.

Mongolia's political relationship with China was clarified when the Peoples Republic of China (PRC) recognized the MPR in 1949. (For their part, the Chinese Nationalists recognized the independence of Mongolia in 1946 but in the 1950's reverted to a policy of claiming Mongolia as a territory of China.) Some PRC influence was re-established in Mongolia during the 1950's through economic aid, primarily in the form of labor for housing and road construction; but with the development of the Sino-Soviet dispute in the early 1960's the Chinese presence in Mongolia was reduced, and the USSR regained almost total dominance.

Soviet military installations are located in Ulaanbaatar, Choybalsan, and along the Trans-Mongolian Railroad.

The Chinese claim that the USSR has upwards of 300,000 combat troops in Mongolia; foreign diplomats in Ulaanbaatar, however, believe they number only 30,000 to 50,000. The Chinese have further charged that the Soviet units are equipped with tactical missiles, possibly armed with nuclear warheads, that are aimed at strategic Chinese military, industrial, and research facilities. Western observers who have seen Soviet missiles of the types reported in Mongolia agree that they could carry a nuclear payload, but positive identification is lacking.

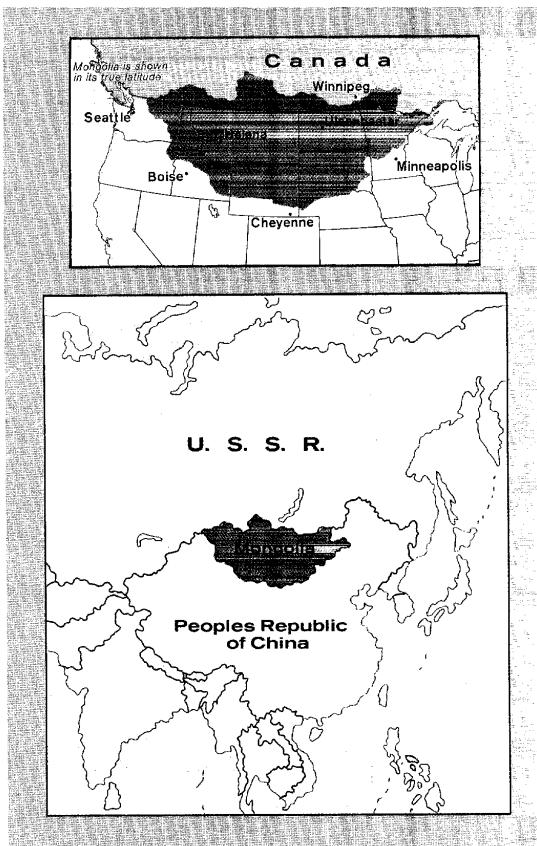
In spite of its domination by the USSR, Mongolia has sought to broaden international contacts. The MPR has established relations with some 64 countries, has been admitted to the United Nations, and has become the only Asian member of the Soviet-dominated Council of Mutual and Economic Assistance (CEMA). The Mongolians have at the same time been careful to reassure the Kremlin of their loyalty, and they are mindful of their dependence upon the USSR and other Communist countries for massive aid to modernize their country and to diversify its traditional nomadic livestock-raising economy. Establishment of diplomatic relations between the United States and the MPR—possibly in 1974—would increase foreign contact and help Mongolia fill the independent role it has long sought.

## THE ENVIRONMENT

Mongolia is high, dry, extremely cold for much of the year, and is amply endowed with rugged terrain. These physical factors have had a significant bearing on Mongolian problems and potentialities.

In western Mongolia the Altai Mountains, scantily populated and underdeveloped, form an almost impenetrable barrier to travel southwestward into China.\* Elevations decrease eastward, and the mountains merge into the Gobi Desert, where cross-border movement is easier but arid conditions limit man's occupancy of the land.

\*The Sino-Mongolian border (2,902 miles) was demarcated under the terms of a protocol signed in 1964. The Soviet-Mongolian border (1,864 miles) was defined by the 1727 Treaty of Kyakhta (Kiakhta) and subsequently demarcated.



Although water is usually available only at occasional wells and springs, the scattered scrub vegetation of the Gobi supports about 14 percent of the country's livestock.

Farther east, elevations continue to decrease while precipitation increases slightly. In several areas pasturelands adjacent to perennial rivers have been improved through irrigation. Cross-border movement from eastern Mongolia into the Manchurian Plain of northeastern China is relatively easy, particularly during the winter months when the ground is frozen. The town of Tamsagbulag, for example, provided a launching point for the Soviet invasion of Manchuria in 1945 on the eve of the Japanese surrender. The town remains a potential base for any Soviet drive to cut off northeast China, the PRC's foremost industrial region.

The northern mountains, in which Ulaanbaatar is located, comprise the most important region in Mongolia

in terms of population, agriculture, industry, and transportation. Numerous basins and broad valleys here have somewhat heavier precipitation than does most of the country, and the resultant luxuriant pastures are well suited for cultivation and grazing. The region also possesses almost all of the MPR's forests, which, with the mineral deposits in the area, provide a resource base for the small but growing industrialization of Ulaanbaatar and Darhan.\* The valley of the Selenge Mörön (river), which empties into Lake Baikal, provides one of the few natural corridors to the Soviet Union.

Mongolia's severe climate, comparable to that of Montana and southern Alberta, is characterized by long and extremely cold winters, short but warm summers, and scant precipitation. Most areas experience daily minimums below 0°F in winter; temperatures of -40°F to -50°F are not uncommon. The mean January temperature in Ulaanbaatar is about -15°F. In contrast, summer temperatures reach into the 80's and occasionally much higher. Throughout the year daily variations in temperature are great. Annual precipitation, most of it falling in the summer, normally ranges from about 4 inches in the southern Gobi to 6 to 12 inches in the remainder of the country.

## THE PEOPLE

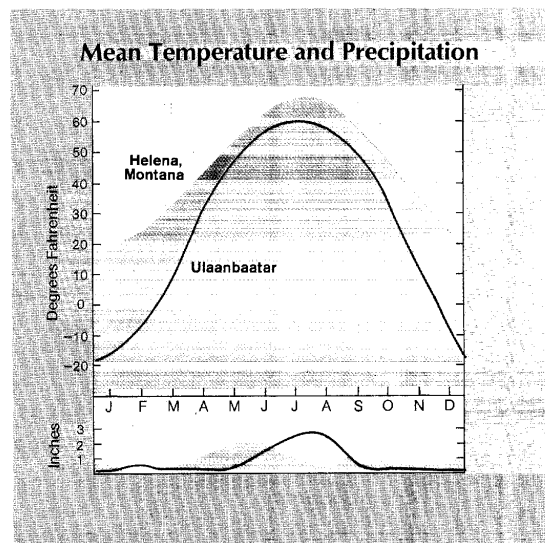
The MPR's total population numbered only 650,000 at independence in 1921. It was probably static or even declining because of the lack of medical and public health services, the siphoning off of large numbers of males to Buddhist monasteries, and a very high incidence of venereal disease and tuberculosis. In recent decades a vigorous public health program and improved medical services have reduced or controlled the major diseases. The present population, estimated to be about 1,300,000, is growing at the high annual rate of 3 percent; but with an average density of only two persons per square mile, Mongolia remains one of the least densely populated countries of the world.

The north-central and northwestern regions of the country contain 60 percent of the population, including 300,000 concentrated in Ulaanbaatar. The south-central region, comprising in part the northern portion of the Gobi Desert, is almost empty. Only 85,000 people live in Dundgovī, Dornogovī, and Ömnögovī Aymags (provinces), which have a combined area one-third larger than that of New York, New Jersey, and Pennsylvania. Most of the remainder (about 435,000) live in small settlements, rarely exceeding 1,000 inhabitants, scattered throughout the countryside.

About 90 percent of the people in the MPR are ethnic Mongols, and five out of six of these are members of the Halha, one of a dozen Mongol tribes. The Halha hold nearly all of the important government posts and comprise most of Mongolia's administrators, teachers, and skilled workers. An estimated 66,000 Turkic-speaking Kazakhs, the largest and most important non-Mongol group, inhabit a sizable area of the northwestern Altai Mountains. Considerable local autonomy is accorded the Kazakhs because of language barriers and their distance and isolation from major centers of Mongolian administration and control. Close cultural ties exist between the Kazakh communities in Mongolia and the much larger Kazakh population across the border in the Soviet Union.

An estimated 10,000 Chinese and Russians also live in Mongolia, remnants of 19th-century communities of settlers. The Chinese population, perhaps as many as 100,000 prior to 1921, today numbers only about 7,000 and is now largely urban and assimilated within Mongolian society. Mongolia recently claimed, however, that

\*Approximately 10 percent of the MPR is forested; mixed stands of coniferous and deciduous trees predominate.



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the Chinese Embassy in Ulaanbaatar was attempting to enlist the ethnic Chinese in anti-Mongolian activities. There are only a few thousand citizens of Russian origin, most of them farming the valleys of northern Mongolia.

Most of Mongolia's people, particularly those over 40, are skilled only in animal husbandry. During the past 50 years chronic shortages of skilled labor have hindered the attainment of planned economic goals, and currently more trained people could be used in the modest industrial sector of the economy. Educational programs designed to satisfy labor needs have only begun to meet current manpower requirements. Temporarily exacerbating the labor shortage is the large number of Mongolians under the age of 18, estimated to be more than 500,000.

Immediate modernization requirements have usually been met by importing technicians and labor-saving machinery from the USSR and to a lesser extent from some East European countries. Soviet experts are employed in all branches of the Mongolian economy and their influence in the past few years has increased to the point where Mongolian officials make few important decisions. From 1955 until 1964 the Peoples Republic of China also supplied labor, and at one point 10,000 Chinese workers were in the country. Deteriorating relations between the USSR and China, however, led to the total withdrawal of Chinese workers by 1964.

A population problem of growing concern to the regime is rural migration to the country's three major built-up areas—Ulaanbaatar (300,000), Darhan (25,000), and Choybalsan (22,000). In 1956 only about 15 percent of Mongolia's total population resided in Ulaanbaatar and Choybalsan; Darhan did not exist before 1961. By 1973 the figure had increased to an estimated 27 percent in the three cities.

Movement to Ulaanbaatar, which Mongolian planners consider over-populated, is of particular concern. Most migrants possess few technical skills and those few who are willing to work take temporary menial jobs or find seasonal work. Although many eventually return to their collectives, others arrive to take their place. The net effect of the migration is additional serious strain on the already overburdened social services of the city. Housing is also a critical problem: at least 30 percent of the population still live in *gers* (Mongolian tents), clusters of which are scattered around the outskirts of the city. The situation worsens each winter, a slack period for members of nearby collectives, when large numbers of herds-men move to the city. The housing shortage is also aggravated by the large foreign population residing in the capital. A significant portion of the city's apartments are occupied by Russians, most of them technicians on temporary assignment; modern high-rise apartments in

the north and northeast sections of the capital are reportedly inhabited almost exclusively by Russians. Problems are not yet as severe in Choybalsan and Darhan, but as rapidly growing cities they too are exerting a steadily increasing pull on nearby rural areas.

## AGRICULTURE:

### THE ECONOMIC FOUNDATION

**Animal Husbandry.** The traditional Mongolian pastoral nomadism still dominates in spite of efforts in recent years to achieve greater economic diversification. Most of Mongolia's population still depends directly or indirectly on animal husbandry for a livelihood. Livestock and animal products constitute approximately 80 percent of the country's exports and 57 percent of the total industrial output. Although the MPR's extensive grasslands support vast herds of animals, mostly sheep and goats, Mongolia's climate is far from favorable for stockbreeding; starvation and exposure during the severe winters have always taken high tolls.

Two distinct winter conditions—*tsagaan dzud* (white calamity) and *har dzud* (black calamity)—often cause severe herd losses. *Tsagaan dzud* occurs when deep snows are followed by extremely low temperatures; a hard crust forms and the animals, unable to dig through to the underlying vegetation, starve. *Har dzud* develops when dry summers reduce the extent and quality of natural pasture; the consequence is a general shortage of food in the affected areas during the winter months.

An obvious need is to reduce dependence on natural pasturage, which supplies about 90 percent of the requirements, by greatly enlarging supplies of fodder. Despite official recognition of the potential benefits, little action has been taken. Fodder crops occupied only about 12 percent of the sown area in 1973, an amount estimated to supply a mere one-fifth of the country's requirements. In view of 1973's unusually wet autumn and the consequent slowdown in harvesting, the estimate may be optimistic.

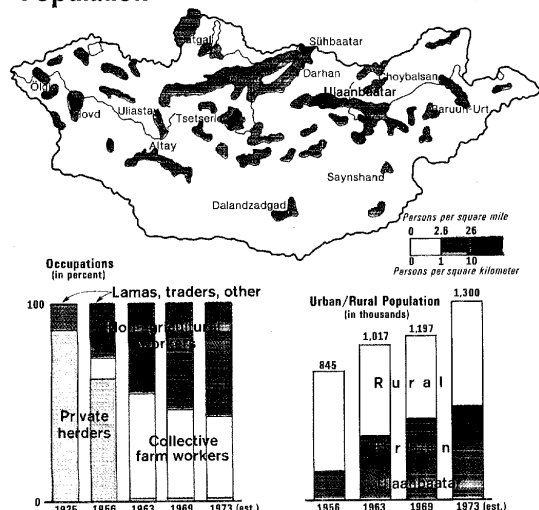
The regime has made better progress in its efforts to reduce winter herd losses through the construction of livestock shelters, claiming 15,000 built between 1969 and 1972. The goal for 1975 (the end of the current 5-Year Plan) is 50,000 shelters, 20,000 of which are to be heated, with total capacity for about 15 million animals.

While claims are impressive, the quality of many shelters has been less than praiseworthy, and responsible officials have been criticized for the shelters' being far from suitable pasture or water supplies, badly built and maintained, and ill equipped to house the herdsmen. In addition, shelters built in the eastern and southern parts of the country often have not been provided with supplies of fodder adequate to see the animals through the winter.

Irrational and improper use of Mongolia's natural grasslands also hinders efforts to expand its livestock industry. In some places, the pastures are being overgrazed and the surface structure of the soil destroyed—leading, according to Mongolian officials, to "unserviceability for a number of years." This is a drastic understatement since the topsoil, which is already pitifully thin in many areas, is being increasingly exposed to wind erosion. In other areas potentially good pastureland is not used. Some natural pastures—particularly in the semiarid south and east—that could be substantially upgraded by tapping sub-surface water supplies remain largely unimproved. Paradoxically, almost all major irrigation projects have been carried out in the northern and western regions, where most of the country's better natural pastures are located.

Lengthy and stormy efforts to collectivize the livestock industry have themselves retarded expansion of the herds. Millions of animals were slaughtered by their owners during Mongolia's initial efforts to collectivize in the

## Population



## MONGOLIA FACTS

### AREA

604,090 square miles: 79 percent pasture, 10 percent forested, 10 percent desert, 1 percent arable

### PEOPLE

Population: 1,328,000 (1973), average annual growth rate 3 percent

Ethnic divisions: Mongol 89 percent (Halha 75 percent), Kazakh 5 percent, Russian 2 percent, others 4 percent

Religion: Tibetan Buddhism 96 percent, Islam 4 percent; religious practices are limited by government regulation

Language: Mongolian 90 percent (Halha dialect predominates), Kazakh 5 percent, others 5 percent (including Russian and Chinese)

Labor force: average non-agricultural employment 200,000; acute shortage of skilled workers

### GOVERNMENT

Type: Communist

Legal name: Mongolian Peoples Republic

Capital: Ulaanbaatar

Structure of legislature: unicameral; Great People's Hural elects government leadership

Political party: Mongolian People's Revolutionary Party (MPRP); Leader: Y. Tsedenbal, First secretary of MPRP as well as Chairman of Council of Ministers

Diplomatic relations with 64 countries

International organizations: UN (ECAFE, WHO, WMO), CEMA

### ECONOMY

GNP: ca. US\$750 million (1971) (ca. \$600 per capita)

Agriculture: livestock raising predominates; wheat, oats, barley

Industry: animal products, building materials, mining

Exports: ca. \$100 million (1971); animal products, textiles, minerals

Imports: ca. \$230 million (1971); machinery, petroleum, building materials, chemical products, consumer goods

Trade partners:

1970 exports—CEMA 94.4 percent, non-CEMA Communist 4.7 percent, others 0.9 percent

1970 imports—CEMA 97.3 percent, non-CEMA Communist 1.8 percent, others 0.9 percent

Aid: Heavily dependent on USSR and Eastern European countries

Monetary conversion rate (1973): 3.31 tugriks=US\$1 (arbitrarily established)

### TRANSPORTATION

Railroads: 1,130 miles—800 miles broad-gauge, 330 miles meter-gauge

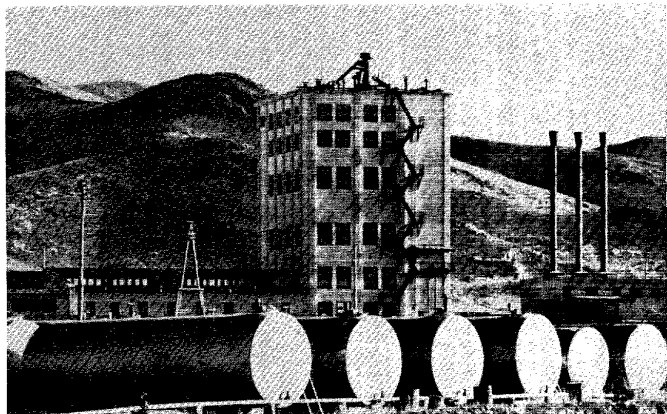
Highways: 52,000 miles—200 paved, 5,200 improved natural surface, 46,600 unimproved

Inland waterways: 585 miles—most on Hövsgöl Nuur

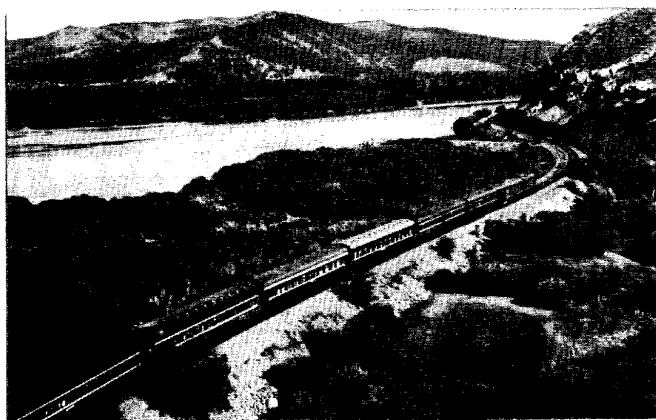
Airfields: Single international airport at Ulaanbaatar; aymag (province) centers have grass or dirt fields

Air distances from Ulaanbaatar:

Moscow	2,800 miles	London	5,000 miles
Peking	750 "	Tokyo	1,900 "
Washington	6,300 "	Paris	4,400 "



Soviet-built mixed feed plant in Bayanhongor.



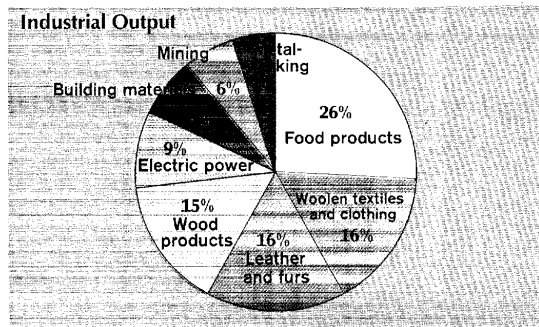
Trans-Mongolian Railroad in the Orhon Valley near the Soviet border.

Line graph showing the population of the USSR in millions from 1918 to 1975. The Y-axis is labeled 'Million Head' and ranges from 0 to 30. The X-axis shows years from 1918 to 1975. The graph illustrates a general upward trend in population, with significant fluctuations. Key events are marked: 'USSR demands (WW II) plus severe winter (1944-45)' around 1945, 'First collectivization attempt' around 1930, 'Peak reached following abandonment of collectivization attempts' around 1940, 'Severe winter (1950-59) plus successful collectivization' around 1955, 'Severe winter (1969-70)' around 1970, and 'Goal of current 5-year plan (1971-75)' around 1975. The population reaches approximately 24 million by 1975.

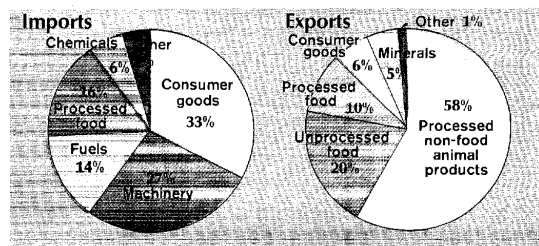
Year	Population (Million Head)
1918	10
1924	14
1930	18
1932	23
1940	25
1945	20
1950	22
1955	23
1960	24
1965	21
1970	23
1975	24

A shortage of trained labor has forced the regime to turn to herdsmen as a major source of farm labor. Unfamiliar with the necessary techniques, they have proven very inefficient. The government also has mobilized underemployed and unemployed youths from the larger cities to labor on the farms. In early 1973, Mongolian

Heavy industry has not been a major factor in the economic growth of the MPR. Little effort has been made to develop iron and steel production, for example, although a complex for Darhan was envisioned in the Third 5-Year Plan (1961-1965). Plans have apparently been shelved because of the unknown quality of iron



The map illustrates the geographical distribution of different economic sectors across Mongolia. Key locations marked include Ulaanbaatar (the capital), Ulaangom, Altay, and several mining sites for coal, gold, and fluorite. The legend indicates that symbols represent various industries: a factory for electric power, a fish for fishing, a cow for food processing, a building for light industry, a cow with a cross for livestock products, a tree for logging, a pickaxe for mining, and a derrick for petroleum.





reserves near Darhan, and the lack of coking coal. Three large coal deposits—Sharyn Gol, near Darhan; Aduunchuluu, near Choybalsan; and Nalayh, near Ulaanbaatar—plus smaller ones in most of the aymags contain enough exploitable coal to ensure Mongolian self-sufficiency for at least a thousand years. Most of it is low quality lignite, however, which is unsuitable for heavy industry.

A modest petroleum refinery was constructed early in the 1950's at the small settlement of Dzütünbayan in the Gobi region. Production figures are sketchy, but output has fallen from a peak of 30,000 metric tons in the early 1960's to practically nothing in 1973. Soviet geologists have conducted oil exploration surveys in eastern Mongolia near Tamsagbulag, but results of the surveys have not been published.

Non-ferrous mineral resources could be the key to a small heavy-industrial base for the Mongolian economy. Output from a recently discovered large copper and molybdenum deposit in northern Mongolia is expected to double total MPR exports by 1975. The deposit is located in Hangal Somon (county), Bulgan Aymag, some 150 miles northwest of Ulaanbaatar. Several mining pits, a large ore concentration plant, and a city with a population of 10,000 are planned for the area; the complex has been designated the Erdenetiyn Oboo Copper-Molybdenum Ore Mining and Concentration Kombinat.

A further boost to the Mongolian economy is provided by rapidly increasing exports of fluorite to the Soviet Union. Output has risen steadily from 40,000 tons in 1960 to more than 76,000 tons in 1970. Mongolia now supplies 50 percent of Russian fluorite imports, and it was recently announced that 800,000 tons would be shipped over the next 6 years, an average increase of 75 percent over 1970 exports. Large mines are located at Berh in Hentiy Aymag and Har-Ayrag in Dornogovi Aymag. Mongolia also has modest deposits of gold, tungsten, and salt.

Foreign aid has been vital to Mongolia's success in developing industry. Currently, more than 99 percent of the aid comes from the Soviet Union and other CEMA countries, mostly in the form of light industry, geologic surveys, improvements to agriculture, motor vehicles, and consumer goods. On occasion the United States has offered assistance to the MPR, most recently following a disastrous flood in Ulaanbaatar in 1966, but all U.S. aid offers have been refused or ignored.

Foreign trade of the MPR is weighted heavily in favor of the Soviet Union and to a lesser extent the Eastern European countries. Great Britain has a limited amount of trade, while the United States imports exotic furs and some leather goods through third parties. Machinery, fuels, food products, and chemicals account for 60 percent of Mongolian imports, and consumer goods 33 percent. Some 80 percent of all 1973 exports were in the form of processed animal products and unprocessed and processed food.

## TRANSPORTATION

Mongolia's transportation system is poorly developed but adequate for the modest needs of the country. Its most important component is the Trans-Mongolian Railroad, an international line that connects the Soviet Trans-Siberian Railroad with the Chinese rail system via Ulaanbaatar. The original function of this line was to carry freight between the USSR and China, but since the rift

between them little if any freight service and only twice-weekly passenger service is available between Ulaanbaatar and China. (The change from Soviet broad gauge to Chinese standard gauge is in China at Erh-lien-hao-t'e, near the Mongolian border. It was moved there in 1965 from a point 200 miles farther south to impede Soviet penetration into Chinese territory.)

A second broad-gauge line, originally built during World War II to supply the Soviet military forces operating against the Japanese-held area in Manchuria, is the principal transport link between the USSR and eastern Mongolia. Currently the line is used to supply the city of Choybalsan and Soviet military bases in eastern Mongolia.

Motorable roads that radiate from Ulaanbaatar to the aymag centers are mostly unimproved tracks. Especially in the Gobi and eastern Mongolia they crisscross the terrain at random. Such routes serve well in a country with little vehicular traffic and in a physical environment where surfaces are either dry or frozen during most of the year. Only in the mountainous areas of the north, between Ulaanbaatar and the Soviet border, do the roads have improved surfaces, and here they are vulnerable to rapid deterioration under the harsh climatic conditions.

Mongolia's small, Soviet-equipped air service connects all aymag centers, remote somon centers, and important state farms. The primary commercial airport is Buyant Uhaa, serving Ulaanbaatar; its 8,600-foot concrete runway can accommodate large jets, and an international connection to Moscow is provided by Aeroflot, the Soviet airline. Most secondary fields have surfaces of grass or graded earth.

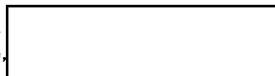
## OUTLOOK

Its location assures the MPR a continuing role in the Sino-Soviet conflict. Mongolia will undoubtedly remain closely allied to the USSR. The 1946 Soviet-Mongolian Treaty of Friendship, Cooperation, and Mutual Assistance, renegotiated in 1966 for another 20 years, provides for Soviet defense of Mongolia and permits construction of Soviet bases on Mongolian soil. Moscow obviously views the right to station troops within close air-striking range of Peking as a valuable asset.

Mongolia will probably continue to expand its international contacts to gain a measure of independence from the USSR, and to secure additional trade and technological aid as well as cultural and educational benefits. (As of 1970, less than 1 percent of its total trade was with non-Communist countries.) UN membership and direct diplomatic relations with an increasing number of countries, including Japan, give Mongolia a new basis for participation in the international community. Geographic remoteness and the MPR's limited variety of exportable goods will limit trade expansion, but recent inquiries suggest that the MPR is considering increasing trade with Western nations.

Transformation of the traditional nomadic pastoral economy into an agricultural-industrial economy will continue to be the principal domestic goal of the government. Progress toward this goal will be countered by resistance of the *arat* to change. As education becomes more widespread, however, the younger generation will increasingly abandon the austere nomadic life and become more receptive to modern technology and the advancement of government goals.

Comments and questions may be directed  
of the Office of Basic and Geographic Intelligence,



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SUBJECT		PROJECT NUMBER	
Mongolia		61.2676	
REQUESTER		SUBJECT CODE	
Self-initiated			
STATEMENT OF PROBLEM		REQUESTING OFFICE	
<p>25X1 Our contacts in the State Department have assured us that</p> <p>25X1 the U.S. will have diplomatic representation in Mongolia before</p> <p>the end of the year.</p>		<p>TARGET DATE</p> <p>Oct August 1973</p>	
<p>We propose the presentation of a</p> <p>one-sheet GM on Mongolia in anticipation of the above diplomatic</p> <p>event and the expected U.S. policy-level interest in Mongolia.</p> <p>The GM will examine those aspects of Mongolia -- resources, trade, political</p> <p>facts, and strategic importance vis-a-vis the Sino-Soviet dispute -- that policy</p> <p>and action officers will need to know. We propose to highlight background facts</p> <p>on Mongolia, which probably are little known to most U.S. officials, through</p> <p>the use of maps, photographs, tables, and charts.</p>		<p>ANALYST/BRANCH</p> <p>OURS</p>	
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